



March 09, 2021

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

The Honorable Board of Commissioners
Los Angeles County Development
Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors and Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

29 March 9, 2021

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CELIA ZAVALA
EXECUTIVE OFFICER

APPROVE THE NEGOTIATION AND EXECUTION OF AN EXCLUSIVE NEGOTIATING AGREEMENT BY AND AMONG THE DEVELOPMENT TEAM COMPRISED OF AVALONBAY COMMUNITIES, ABODE COMMUNITIES AND THE COUNTY OF LOS ANGELES FOR THE POTENTIAL REDEVELOPMENT OF THE WEST LOS ANGELES COURTHOUSE AND CIVIC CENTER IN THE CITY OF LOS ANGELES (DISTRICT 3) (3 VOTES)

SUBJECT

This letter recommends the negotiation and execution of an Exclusive Negotiating Agreement (ENA) by and among the County of Los Angeles (County) and the development team comprised of AvalonBay Communities and Abode Communities (Developer) to negotiate the terms to develop County-controlled property with a potential mixed-use development at the West Los Angeles Courthouse and Civic Center in the City of Los Angeles (Project Site).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and the record.
2. Designate the Los Angeles County Development Authority (LACDA), by and through its Executive

Director, or designee, to serve as the agent of the County for the proposed development of the Project Site and to accept all proposals received by the County.

3. Authorize the LACDA, by and through its Executive Director, or designee to:

a. Negotiate and execute an ENA with the Developer, approved as to form by County Counsel, for an initial eighteen-month term with the option to extend the term for up to four additional 90-day periods, in order to negotiate the potential redevelopment of properties located at 1633 Purdue Avenue Los Angeles, CA 90025 having Assessor's Parcel Numbers 4261-011-915, 910, 909, 908, 913, and 914 and commonly known as the West Los Angeles Courthouse (Project Site) in the City of Los Angeles .

b. Execute any and all related or ancillary documents or amendments to the ENA necessary to effectuate the action authorized hereby.

c. Collect deposits and fees in connection with the terms of the ENA, and to administer the expenses and accounting associated with the ENA.

d. Negotiate the anticipated ground lease structure of the potential development of the Project Site, upon consultation with the County, and to return to the Board with proposed agreements for approval.

4. Find that the subject property is "exempt surplus land" under the provisions of Government Code section 54220 et seq. (Surplus Land Act) for the reasons stated in this Board letter.

IT IS RECOMMENDED THAT THE BOARD, ACTING AS THE COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and the record.

2. Accept delegation to act as the agent of the County for the potential development of the Project Site.

3. Authorize the Executive Director, or his designee, to:

a. Negotiate and execute an ENA with the Developer, approved as to form by County Counsel, for an initial eighteen-month term with the option to extend the term for up to four additional 90-day periods, in order to negotiate the potential development of the Project Site;

b. Execute any and all related or ancillary documents or amendments to the ENA necessary to effectuate the action authorized hereby. Collect deposits and fees in connection with the terms of the ENA, and to administer the expenses and accounting associated with the ENA.

c. Negotiate the anticipated ground lease structure of the potential development of the Project Site, upon consultation with the County, and to return to the Board with proposed agreements for approval.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to authorize the negotiation, execution and implementation of the ENA between the County and the Developer to allow for the negotiation of necessary agreements for the potential development of the Project Site, which is generally bounded by Santa Monica Boulevard to the north, Iowa Avenue to the south, Butler Avenue to the west and Purdue Avenue to the east.

The Project Site consists of approximately 3 acres and is the location of the former West Los Angeles Courthouse. This facility is currently owned by the Judicial Council of California which consolidated its Southern California operations causing the permanent closure of the facility on June 14, 2013. On November 5, 2019, the Board of Supervisors approved a motion authored by Supervisor Kuehl to authorize the negotiation and execution of a lease with an option for the County to purchase the Courthouse. The purpose of this lease agreement was to allow the County to pursue the potential development of the Courthouse site and surrounding properties in partnership with the City of Los Angeles. The terms of the initial agreement included a lease period through January 31, 2022 and was extended by a subsequent amendment to February 1, 2023. The lease payment for the term of the agreement stays consistent at 10% of the appraised value of the Project Site. This was determined by an independent fair market value appraisal dated January 18, 2019. The estimate of value at that time was \$35,780,000.

On April 28, 2020, the Board of Supervisors granted the LACDA, acting as the agent of the County, to work jointly with the City of Los Angeles (City) team to explore the opportunity to master develop the entire West Los Angeles Civic Center which includes a number of City facilities and operations. Pursuant to the Resolution adopted on that date, a jointly developed Request for Proposals (RFP) was issued on May 15, 2020 that incorporated both County and City controlled land encompassing the entire West Los Angeles Civic Center of approximately 8.5 acres allowing for a larger and more integrated project comprising the redevelopment of existing municipal assets and the development of new mixed-use buildings. The Board initially set August 11, 2020 as the date of the public meeting at which proposals would be received for consideration of the proposed development of the Project Site. This date was ultimately extended to September 1, 2020.

FISCAL IMPACT/FINANCING

On November 5, 2019 the Board of Supervisors authorized the negotiation and execution of a lease with option to purchase agreement with the State Judicial Council for the Project Site. The negotiated purchase price of \$35,780,000 was based on an appraisal dated January 18, 2019 and formed the basis of the transaction. Lease payments in the amount of 10% of the purchase price will be paid during the recently revised Term which extends through February 1, 2023. The source of these lease payments is derived from a combination of Third District Discretionary funds in the Board of Supervisors budget (\$1,500,000) and the CEO Affordable Housing Acquisition Funds in the Affordable Housing Programs Budget Unit (\$2,100,000). These funds are held with the CEO Real Estate Division, which is responsible for the lease payments. It is the intent of the Developer and the County to negotiate final payment of the Project Site purchase price through a lump sum Developer payment to be made after the completion of the California Environmental Quality Act required environmental review process and after the ground lease documents are approved and executed.

To the extent negotiations with the Developer are successful, the LACDA will return to the Board with negotiated agreements for review and approval and will provide the fiscal impact and financial analysis at that time.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed transaction is authorized by Government Code section 25515 et seq. (Development of Public Property). The subject property is “exempt surplus land” under the Surplus Land Act pursuant to Government Code section 54221(f)(1)(F)(ii) because the property was put out to open, competitive bid to entities identified in the statute, and the parties to this development intend to build a minimum of 300 housing units with at least twenty five percent (25%) of those units dedicated to lower income households.

The ENA will include the following terms:

- An initial term of 18 months with an option to extend the term administratively for up to four separate 90-day periods.
- An ENA deposit to be held by the LACDA in the amount of \$100,000 which will be replenished to cover certain transaction expenses.
- Developer is solely responsible for any expenses it incurs to assess the feasibility of the proposed Project Site.

The procurement process thus far has included the RFP that was jointly issued with the City. The RFP contemplated that the County and City would execute separate ENAs with the Developer for their respective properties. This will allow independent but coordinated negotiations to occur for both the County and the City properties. During the ENA period, the County/City project management team will work in parallel throughout all aspects of the predevelopment process. This will ultimately lead to the final disposition of the County’s Project Site and City properties through separate ground lease agreements with the Developer that will come before your Board.

As proposed in their RFP submittal, the Developer envisions a total of 926 units of housing that comprise the following affordability mix: 348 units ranging from 30% to 60% of area median income (AMI); 83 moderate-income units ranging from 80% to 120% of AMI; 495 market rate units and 3 manager’s units (not part of the unit count). Within the mix of affordable units, 99 were proposed to be available for seniors and 135 units have been proposed as permanent supportive housing (PSH).

Within the scope of the development approximately 41,000 sq. ft. would be made available for a mix of commercial, retail, restaurant and performance space. This is consistent with the scope of the RFP that called for a combination of neighborhood serving uses, art and cultural production space, general office, education and training, performance and public assembly space. The exact combination of uses and overall tenant mix will be determined during the ENA period.

Open space was also prioritized for the proposed project. Per the RFP response, the Developer proposes to provide up to 118,00 sq. ft. of publicly accessible open space with an additional 75,000 sq. ft. of private space available for the residents of the new development.

In looking at the City’s required development package for their property, the Developer proposed approximately 20,900 sq. ft. of newly redeveloped space for the Felicia Mahood Community Center and up to 73,400 sq. ft. of upgraded municipal office facilities.

During the ENA process, the County, City and Developer will negotiate and finalize all elements of proposed project design (including building heights and density throughout the proposed Project Site).

The Developer has provided a community and stakeholder engagement plan which will prioritize activities to meet critical path predevelopment objectives with an emphasis on community and stakeholder participation during the project design refinement process, throughout the environmental

clearance stages, and as part of ongoing informational updates regarding project construction and phasing. In doing so, priority will be given to equitable and inclusive participatory planning measures to elevate, and respond to, the needs of the community at-large. Special care will be given to outreach to immediate neighbors surrounding the Project Site.

The outreach plan will also be tailored to meet any public health concerns related to COVID-19 restrictions and can be modified as needed. Outreach will incorporate a number of tools to include a multilingual website with monthly updates, a recurring email newsletter and social media campaigns, direct mail, paid media, small group stakeholder Zoom meetings, virtual town halls and the creation of a Community Advisory Panel. These actions will be implemented immediately following execution of the ENA.

The community engagement plan will leverage the work done during the preliminary project feasibility phase when LACDA staff, County staff and the Third Supervisorial District conducted broad-based community outreach activities with community stakeholders at the Project Site on August 19, 2019 and again on September 5, 2019. This was followed by a virtual community engagement session that took place on October 14, 2020 when the public was introduced to the proposed Project and both County and City staff could receive input on the design and related project elements.

As a team, the Developer has a combined 75 years of experience in development of housing, office, retail and related facilities within Southern California. During the ENA period, the Developer team will create a to-be-determined business structure that is anticipated to include one or more limited liability companies or similar special purpose business entities. At the outset of the ENA period, AvalonBay Communities will assume the role of lead development contact and coordinate all technical responsibilities associated with project development including the master plan process, project financing, project development and related tasks. Abode Communities will coordinate all aspects of the affordable housing development and work in tandem with their development partner, AvalonBay Communities.

If negotiations with the Developer are successful, the LACDA will return to the Board with negotiated agreements reviewed by County Counsel and ready for approval.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not subject to CEQA because they are activities that are excluded from the definition of a project by section 21065 of the Public Resources Code and section 15378(b) of the State CEQA Guidelines. This proposed action seeking authority to negotiate potential agreements under the ENA is an administrative activity of government which will not result in direct or indirect physical changes to the environment. No commitment to any project is being made at this time. CEQA review requirements must be completed before any commitment to a project occurs.

CONTRACTING PROCESS

The Developer was procured through a jointly issued RFP by the County and the City of Los Angeles, which was released on May 15, 2020, authorized by a Resolution consistent with Government Code section 25515 et seq. A total of 236 interested party viewers attended the non-mandatory pre-proposal virtual conference on June 2, 2020, and a total of four proposals were received. Proposals were received from housing sponsors who have provided their information

pursuant to the Surplus Land Act. A review team comprised of six subject matter experts in the fields of affordable housing, land development, urban planning, architecture and city administration convened to review the proposals, interview development teams and provide summary scores for each proposal. The final scores also considered the review team's identification of two finalists and their respective development proposals that were presented to the public at a virtual community meeting held on October 14, 2020. There were 215 unique survey responses received as a result of this event.

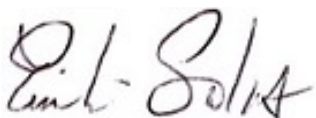
The selected Developer was responsive to the vision and expectations described in the Objectives and Goals that were part of the RFP. A summary of these objectives is provided below.

- Creation of affordable and market rate housing.
- Addition of mixed-use commercial and retail opportunities, including dining and entertainment.
- Retention and renovation and/or newly constructed municipal spaces and municipal uses (including areas designated for County constituent services and other County operations).
- Creation of opportunities for education/training, performance and assembly space.
- Establishment of a mix of public open space.
- Inclusion of ample parking for all uses on the Combined City/County Project Site to avoid off-site parking concerns in the community stemming from the proposed Project.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions will allow the County to explore ways to leverage development opportunities and properties held by other public agencies, such as the City of Los Angeles, through a joint development process. This proposed ENA for the Project Site represents a critical step in achieving such goals.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas".

Emilio Salas

Executive Director

ES:LJ:CJ